

DEPARTMENT OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813
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KIRK CALDWELL
MAYOR

NELSON H. KOYANAGI, JR.
DIRECTOR

MANUEL T. VALBUENA
DEPUTY DIRECTOR

October 18, 2018

The Honorable Ernest Y. Martin, Chair
Committee on Legislative Matters
and Members
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Chair Martin and Councilmembers:

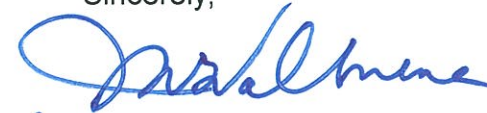
SUBJECT: Bill 42 (2017) Relating to Funding for Transit

Thank you for the opportunity to testify in your Legislative Matters Committee. Per our discussion, enclosed for your consideration is proposed CD2 to Bill 42 (2017), Relating to Funding for Transit. Bill 42 (2017), CD1 presently authorizes the City to use City revenues to pay for the expenditures identified as "City Subsidy – HART Admin" and "Additional Funds," as set forth in Figure 6-1 in the Recovery Plan dated September 15, 2017, which was approved by the City Council by Resolution 17-266, FD1, on October 10, 2017.

The proposed CD2 will add a new Section 4 to Bill 42 (2017), CD1 to revise Section 15 of Ordinance 01-28, as amended, and will clarify that the existing memorandum of understanding between the Honolulu Authority for Rapid Transportation ("HART") and the City, where HART is required to reimburse the City, does not apply to the issuance of the \$44,000,000 debt obligation, wherein the City is responsible for the principal, interest and other cost relating to the issuance of such general obligation debt.

We appreciate the opportunity to submit testimony on this very important issue. If you have any questions, please call me at 768-3901.

Sincerely,


for Nelson H. Koyanagi, Jr.
Director

Enclosure

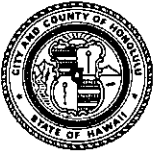
APPROVED:


Roy K. Amemiya, Jr.
Managing Director

FKR

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18OCT19 AM 11:04 CITY CLERK



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

BILL 42 (2017), CD2
Proposed

A BILL FOR AN ORDINANCE

RELATING TO FUNDING FOR TRANSIT.

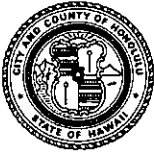
BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Purpose. The purpose of this ordinance is to allow for greater flexibility in the sources of monies to be used for the capital cost of the Honolulu Rail Transit Project.

SECTION 2. Ordinance 07-001 is amended by amending Section 3 to read as follows:

"SECTION 3. The city administration is authorized to proceed with preparation of an environmental impact statement for the locally preferred alternative (LPA), and with planning and preliminary engineering for that portion of the LPA (including any portion of any section of the LPA listed in section 2 above) that may be constructed within financial constraints (capital cost and any interest to finance that capital cost shall be paid entirely from general excise and use tax surcharge revenues, interest earned on the revenues, and any federal, state, city, or private revenues); provided that this portion shall constitute a minimum operable segment (MOS) for purposes of Federal New Starts funding eligibility; and provided further that the proposed MOS shall be subject to Council approval by resolution."

SECTION 3. No more than an aggregate total of \$214,000,000 of city revenues (General Fund) and no more than \$26,000,000 of city revenues (General Fund) in any fiscal year from and after fiscal year 2020, shall be appropriated and expended for the costs of the Honolulu Rail Transit Project identified as "City Subsidy - HART Admin" and "Additional Funds," as set forth in Figure 6-1 in the Recovery Plan dated September 15, 2017, which was approved by the Council by Resolution 17-266, FD1, on October 10, 2017; provided, however, that the foregoing shall not apply to the payment of any interest on debt service and any other costs relating to the issuance or refunding of commercial paper and other forms of general obligation indebtedness arising from the financing of principal required to be paid from city revenues and not payable from other sources of revenue. City revenues shall include, but not be limited to, revenues from real property taxes, public service company taxes, and the City's share of the transient accommodations tax. \$44,000,000 of city general obligation bonds may be issued to pay for such expenditures in fiscal year 2019.



CITY COUNCIL

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ORDINANCE _____

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SECTION 4. Ordinance 01-28, as amended by Ordinances 04-36, 10-15, and 15-46, is amended by amending Section 15 to read as follows:

"SECTION 15. Memorandum of Understanding Relating to HART. The City and County and HART have entered into a memorandum of understanding that sets forth the obligations of HART to the City and County concerning the HHCTCP Commercial Paper and other forms of general obligation indebtedness. The memorandum of understanding requires that the City and County be reimbursed by HART for any payments of principal and interest and any other costs incurred by the City and County relating to the issuance of HHCTCP Commercial Paper and other forms of general obligation indebtedness. The memorandum of understanding entered into by the City and County and HART shall be subject to approval by Council by resolution. The memorandum of understanding shall not apply to the issuance and sale of HHCTCP Commercial Paper or other forms of general obligation indebtedness for which the City and County is required to pay principal, interest and any other costs relating to the issuance of HHCTCP Commercial Paper and other forms of general obligation indebtedness."

SECTION 5. New ordinance material is underscored. In these sections, the title of Section 15 is underscored because the titles were underscored in Ordinance 01-28.



CITY COUNCIL
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HONOLULU, HAWAII

ORDINANCE _____

BILL **42 (2017), CD2**
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SECTION 6. This ordinance takes effect upon its approval.

INTRODUCED BY:

Ron Menor (br)

DATE OF INTRODUCTION:

April 11, 2017
Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____ day of _____, 20 _____.

KIRK CALDWELL, Mayor
City and County of Honolulu